

NOTICE OF
PROPOSED NEW RULE

- The agency identified below in box 1 provides notice of proposed rule change pursuant to Utah Code Section 63G-3-301 and Subsection 53C-1-201(3)(c).
- Please address questions regarding information on this notice to the agency.
- The full text of all rule filings is published in the Utah State Bulletin unless excluded because of space constraints.
- The full text of all rule filings may also be inspected at the Division of Administrative Rules.

Agency Information

1. Agency: Environmental Quality - Air Quality
Room no.: Fourth Floor
Building:
Street address 1: 195 N 1950 W
Street address 2:
City, state, zip: SALT LAKE CITY UT 84116-3085
Mailing address 1: PO BOX 144820
Mailing address 2:
City, state, zip: SALT LAKE CITY UT 84114-4820

Contact person(s):

Name: Phone: Fax: E-mail:

Mark Berger	801-536-4000	801-536-0085	mberger@utah.gov
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(Interested persons may inspect this filing at the above address or at DAR during business hours)

Rule Information

DAR file no: 38580 Date filed: 06/05/2014 02:06 PM
State Admin Rule Filing Key: 155296
Utah Admin. Code ref. (R no.): R 307 - 502 -

Title

2. Title of rule or section (catchline):
Oil and Gas Industry: Pneumatic Controllers

Notice Type

3. Type of notice: New Rule

Rule Purpose

4. Purpose of the rule or reason for the change:

In 2012, the State of Utah entered into EPA's Ozone Advance Program with the goal to proactively lower ozone values in the Uinta Basin. Ozone is created by photochemical reaction, and the main precursors are volatile organic compounds (VOC) and (NOx). In the Uinta Basin, oil and gas production accounts for 97% of anthropogenic VOC emissions. This proposed rule is one of four that the Air Quality Board has proposed as the first phase to combat high ozone levels by lowering VOC emissions. Pneumatic controllers powered by pressurized natural gas are used in the oil and gas industry. In the past, high-bleed devices that vent natural gas to the atmosphere were commonly used. The recent oil and gas New Source Performance Standard (NSPS) OOOO requires the use of low-bleed controllers in most circumstances. R307-502 would require the replacement of existing high-bleed devices with low-bleed devices so that all pneumatic controllers in the state would meet the NSPS standard. Implementation of this rule is estimated to reduce VOC emissions by 3,716 tons/year in the 5-county area included in the WRAP Phase III inventory for oil and gas (Duchesne, Uintah, Carbon, Emery, and Grand Counties).

Response Information

5. This change is a response to comments by the Administrative Rules Review Committee.

No

Rule Summary

6. Summary of the rule or change:

R307-502 would require the replacement of existing high-bleed devices with low-bleed devices so that all pneumatic controllers in the state would meet the NSPS standard. The draft rule phases in the requirement over several years. High-bleed pneumatic devices in Duchesne and Uintah Counties must be replaced by December 1, 2015 to provide reductions prior to the 2015/16 winter ozone season. High-bleed pneumatic devices in the rest of the state must be replaced prior to April 1, 2017 to provide reductions prior to the 2017 summer ozone season.

Aggregate Cost Information

7. Aggregate anticipated cost or savings to:

A) State budget:

Affected: No

Because there are no new requirements to the State, there are no anticipated costs or savings.

B) Local government:

Affected: No

Because there are no new requirements for local government, there are no anticipated costs or savings.

C) Small businesses:

Affected: No

("small business" means a business employing fewer than 50 persons)

Because the requirements of this rule apply to businesses with more than 50 employees, there are no anticipated costs for small businesses.

D) Persons other than small businesses, businesses, or local government entities:

Affected: No

("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an agency)

There are no new requirements for persons other than small businesses, businesses, or local government entities; therefore, there are no anticipated costs or savings.

Compliance Cost Information

8. Compliance costs for affected persons:

While there is an initial cost to replace these controllers, there is also a benefit to the operators as the natural gas is recaptured and can be sold as product. EPA's Natural Gas Star Program estimates a cost of \$2,104 to replace an existing high-bleed controller. More recently, Colorado estimated initial costs of \$1,420 to replace each high-bleed pneumatic controller. At current natural gas prices the new devices will pay for themselves in about 1½ to 2 years and will then continue to provide on-going savings to the company.

Department Head Comments

9. A) Comments by the department head on the fiscal impact the rule may have on businesses:

While there is an initial cost to replace these controllers, there is also a benefit to the operators as the natural gas is recaptured and can be sold as product. EPA's Natural Gas Star Program estimates a cost of \$2,104 to replace an existing high-bleed controller. More recently, Colorado estimated initial costs of \$1,420 to replace each high-bleed pneumatic controller. At current natural gas prices the new devices will pay for themselves in about 1½ to 2 years and will then continue to provide on-going savings to the company.

B) Name and title of department head commenting on the fiscal impacts:

Amanda Smith, Executive Director

Citation Information

10. This rule change is authorized or mandated by state law, and implements or interprets the following state and federal laws.

State code or constitution citations (required) (e.g., Section 63G-3-402; Subsection 63G-3-601(3); Article IV) :

19-2-104(1)(a)

Incorporated Materials

11. This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to DAR; if none, leave blank) :

Official Title of Materials Incorporated (from title page):

Publisher:

Date Issued:

Issue, or version:

ISBN Number:

ISSN Number:

Cost of Incorporated Reference:

Adds, updates, removes:

Comments

12. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. The agency is required to hold a hearing if it receives requests from ten interested persons or from an association having not fewer than ten members. Additionally, the request must be received by the agency not more than 15 days after the publication of this rule in the Utah State Bulletin. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until 5:00 p.m. on (mm/dd/yyyy) :

07/31/2014

B) A public hearing (optional) will be held:

On (mm/dd/yyyy): At (hh:mm AM/PM): At (place):

Proposed Effective Date

13. This rule change may become effective on (mm/dd/yyyy):

09/04/2014

NOTE: The date above is the date on which this rule MAY become effective. It is NOT the effective date. After a minimum of seven days following the date designated in Box 12(A) above, the agency must submit a Notice of Effective Date to the Division of Administrative Rules to make this rule effective. Failure to submit a Notice of Effective Date will result in this rule lapsing and will require the agency to start the rulemaking process over.

Indexing Information

14. Indexing information - keywords (maximum of four, in lower case, except for acronyms (e.g., "GRAMA") or proper nouns (e.g., "Medicaid")):
- air pollution
 - oil
 - gas
 - pneumatic controllers

File Information

15. Attach an RTF document containing the text of this rule change (filename):

There is a document associated with this rule filing.

To the Agency

Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the Utah State Bulletin, and delaying the first possible effective date.

Agency Authorization

Agency head or designee, and title:

Bryce Bird Director

Date (mm/dd/yyyy): 06/05/2014